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C O N F I D E N T I A L MUSCAT 001007

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STATE FOR NEA/ARP

E.O. 12958: DECL: 06/20/2016

TAGS: PREL EAID PTER MU YM

SUBJECT: DEMARCHE DELIVERED: YEMENI GCC ASSISTANCE REQUEST

REF: STATE 96305

Classified By: Ambassador Gary A. Grappo. Reason: 1.4 (b, d).

Summary

¶1. (C) Oman FM Bin Alawi affirmed on June 20 that the GCC will respond positively to Yemen's aid request, but amounts will be determined in November. He feared Yemen had exaggerated expectations, and that it lacked the absorptive capacity or management skills to handle such a large sum in such a small timeframe. Already providing infrastructure assistance in Yemen's eastern region, the Minister said Oman will provide future aid within Oman's means. End summary.

GCC Willing to Help

¶2. (C) In a June 20 call on Minister Responsible for Foreign Affairs Yusuf bin Alawi, the Ambassador delivered reftel demarche encouraging Omani and GCC support for a 10-year, \$17 billion aid and investment request submitted by Yemen. The Minister replied that the GCC had decided in its Abu Dhabi summit to help Yemen, but did not specify an amount. An experts group from the GCC and Yemen has prepared a plan that is to be presented at the donors conference in November. (Note: Bin Alawi believed the conference would be in Sanaa vice London, per reftel. End note.) The Minister indicated that each GCC member would decide on its own how much to offer, but he predicted any funded projects would be designed to maximize job opportunities inside Yemen, to reduce the number of Yemeni job-seekers entering the GCC.

Is Yemen Ready?

¶3. (C) Bin Alawi said he had consulted personally with the Yemenis, and told them that he does not see how Yemen could possibly absorb the amount of aid and investment it seeks in such a short timespan. He advised them to be more realistic and start with a specific project. If handled successfully and efficiently, additional funds would quickly follow. He was pleased that the Yemeni government would keep hands-off of any provided aid, but still believes they need considerably improved management expertise to handle any significant amounts. He had no idea, however, if Yemen would act on his concerns.

Omani Aid

¶4. (C) Responding to the Ambassador's emphasis that the USG and GCC would be poorly served to have Yemen become a failed state, the Minister reiterated the GCC's determination to help Yemen, "but we must help them effectively." Saying even Oman would have difficulty absorbing such sums as Yemen seeks, Bin Alawi repeated Yemen's need for sound management of the resources. As for Omani assistance, the Minister said Oman will provide help "within our means," and pointed out the infrastructure assistance Oman has already been providing in Yemen's eastern Mahrah region. He did not know who would represent Oman in the November donors conference, indicating that the GCC will make that determination.

GRAPPO